Detroit exits bankruptcy, but conditions remain bleak

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The city of Detroit exited bankruptcy last Monday, April 30, ending direct supervision by the federal courts and Michigan state government. While hailed by the Democratic Party establishment as a "comeback" story and the restoration of home rule, the move brings no benefits to the city's workers, youth and elderly, who still live in the poorest major city in America.

The delusional comments appearing in the national media about Detroit's revitalization are based upon the re-development of a small portion of downtown Detroit while conditions for the majority of workers in the city continue to worsen. In the same week bankruptcy status ended, 17,000 residents who cannot afford to pay their water bills were threatened with shutoff unless they agree to payment plans that carry additional interest expenses, putting them further in debt.

Virtually every day the local press carries news articles on the horrendous social conditions facing workers and young people stemming from poverty, including the lack of available and affordable housing, conditions of police violence, child abuse and drug addiction.

Ending Detroit's financial oversight by the state is not a sign of health, but demonstrates that Republican Governor Rick Snyder is sufficiently confident that Democratic Mayor Mike Duggan, the multimillionaire former Wayne County prosecutor and hospital executive, and Detroit's City Council will continue to carry out measures of economic austerity against the working class.

The bankruptcy was imposed through the state-appointed emergency manager, over the opposition of the city's workers, but with the full support of then-mayor Dave Bing, another Democrat. Its purpose was use the courts to declare that federal bankruptcy law takes precedence over the state constitution, which protects the pensions of city employees, firefighters and other public employees as contractual obligations that cannot be impaired. It was the culmination of a long-planned political conspiracy organized by both the Democratic and Republican parties and fully supported by the Obama administration.

At the time of the bankruptcy, sections of the black Democratic Party establishment in Detroit complained about the state trampling on local government, but this was mere posturing. Now City Council President Brenda Jones declares, "With the dormancy of the [review commission] and a reduction in state oversight, local control is returning to our city and its elected officials can assume the role that voters expect us to carry out."

Jones along with the rest of the Detroit City Council is part of the corrupt Democratic Party establishment that prospers regardless of the terrible conditions of life for city residents—black, white and immigrant. She is a major advocate for providing startup and growth "incentives" for entrepreneurs, various business ventures and other schemes to reduce the city's budget costs and has fully supported tax breaks and other incentives.

A major component—and perhaps the most corrupt element—in this political establishment is the union hierarchy, the executives of the major unions in Detroit: the UAW and, for city operations, AFSCME. During the bankruptcy the unions suppressed working-class opposition and accepted the basic premise that their members had to pay for the economic crisis. City pensions, including those of firefighters, have been cut by an average of 4.5 percent, with cost-of-living increases totally eliminated, thus freeing the city from legacy costs.

In addition, the city's lighting and sanitation departments were privatized, while the Detroit Water and Sewerage Department (DWSD) has laid off building maintenance workers and replaced them with commercially contracted janitorial services. The DWSD has been integrated into a regional Great Lakes Water Authority in preparation for privatization of the city's most profitable service operation. The city-owned Detroit Institute of Arts has been put under the control of private foundations, with many in-house services handed over to private contractors in order to cut wages and health benefits.

While the claim is made that "no money" can be found to fund pension obligations, city services and public education, hundreds of millions in public funds have been made available to support the business ventures of a handful of corporate tycoons.

Massive tax breaks and public funds have been handed out to the two largest developers involved in the gentrification of the 7.2 square mile area of Detroit's city center. Quicken Loans boss Dan Gilbert, net worth $6.5 billion, and the Ilitch family, with a similarly sized empire based on pizza and professional sports, have been buying up properties for years on the cheap and converting formerly low-rent buildings downtown into upscale housing with "market rate" rents. In recent years, as more and more young professionals have moved into the city, rents have increased by 30 percent in the downtown area.

During a joint hour-long session of the Urban Land Institute (ULI), a national nonprofit association of city builders and real estate developers, Gilbert and Chris Ilitch encouraged developers to invest in the city. Under the slogan, "Move Here, Move the World," they touted Detroit as a great business opportunity.

Chris Ilitch said, "Detroit, once known as a city of conflict is now a great place for investment. This is an opportunity for you. What's been done in Detroit since emerging from bankruptcy is no less than remarkable."

When Ilitch refers to conflict, he is speaking of the major class battles that dominated Detroit during the struggles of the 1930s through the 1960s, creating conditions where workers' living standards rose substantially. Since then Detroit has been deindustrialized, losing more than half of its population.

In the same week the conference was held, the Ilitch organization announced plans to construct three new buildings and redevelop three older ones in what is called the Detroit District, a total of 45-50 blocks in the downtown area. This will be Phase II of the Little Caesars Arena, which opened on Woodward Avenue in September 2017.

As in the case of the Little Caesars Arena, these developments will get federal, state and local tax dollars at the expense of vitally needed social services and public education. Many of the projects are funded by what are called private activity bonds (PABs). PABs are special bonds issued by a governmental body on behalf of a private firm, ostensibly because the project provides some inherent public good. The interest paid to the investors who buy the bonds is free from local, state and federal taxation. Essentially, the state government is acting as a middleman between Ilitch and his investors in order to provide lucrative profits to both.

Since Detroit emerged from bankruptcy there has been a frenzy of downtown development in a number of choice neighborhoods, while the overall conditions for the working class as whole have deteriorated.

A very small section of the city is being gentrified through public and private investments, with large parts of Detroit becoming wasteland. A 2016 study by the Brookings Institution explained that Detroit has the highest rate of concentrated poverty in the country, with close to 40 percent living below the federal poverty level.